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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,452	03/20/2001	Kevin W. Spear	18360/205526	1926
826	7590	06/19/2006	EXAMINER	
ALSTON & BIRD LLP BANK OF AMERICA PLAZA 101 SOUTH TRYON STREET, SUITE 4000 CHARLOTTE, NC 28280-4000				KYLE, CHARLES R
ART UNIT		PAPER NUMBER		
		3624		

DATE MAILED: 06/19/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/812,452	SPEAR, KEVIN W.	
	Examiner	Art Unit	
	Charles Kyle	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 13 April 2006.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-29 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) _____ is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) 26-29 are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.

5) Notice of Informal Patent Application (PTO-152)

6) Other: _____.

DETAILED ACTION***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-5, 8-9, 12, 14-17, 20-21 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's admission of prior art in view of US 5,590,038 *Pitroda* and further in view of *EMTM 553: E-commerce Systems*, hereinafter, *EMTM*.

As to Claim 1, Applicant's admission discloses the invention substantially as claimed, including in a system for processing of credit card transactions, standard transactions routed through a clearinghouse (Applicant's Background of the Invention, page 1 of Specification, third para., lines 5-8) and closed loop transactions bypassing a clearinghouse (Applicant's Background of the Invention, page 1 of Specification, third para., line 9 to page 2 of Specification, line 3):

A credit card (Applicant's Background of the Invention, page 1 of Specification, second para., lines 1-3);

A logic-enabled merchant processing a credit card transaction (Applicant's Background of the Invention, page 1 of Specification, third para., lines 3-5);

An affiliated acquiring entity configured to acquire and direct standard transactions to the clearinghouse (Applicant's Background of the Invention, page 1 of Specification, third para., lines 5-7) and configured to acquire and direct closed loop transactions so as to bypass the

clearinghouse (Applicant's Background of the Invention, page 1 of Specification, third para., line 9 to page 2 of Specification, line 3);

An affiliated card issuing entity accepting the standard transactions from the clearinghouse and debiting (Applicant's Background of the Invention, page 1 of Specification, third para., lines 7-9; posting is understood to comprise a debit entry to a credit card account).

Applicant's admission does not disclose the specific limitations of the merchant using a POS terminal and labeling a particular transaction. These limitations are disclosed by *Pitroda* at Col. 4, lines 9-32 and Col. 16, line 21 to Col. 17, liner 6, particularly Col. 16, lines 50-54 respectively. *Pitroda* further discloses private label accounts for which transactions are processed at Fig 4 and Col. 11, line 40 to Col. 12, line 6. It would have been obvious to one of ordinary skill in that art at the time of the invention to include the limitations disclosed by *Pitroda* in the invention disclosed by Applicant's admission because this would have provided a familiar and convenient infrastructure for the processing of standard and closed loop transactions having differing processing needs.

Applicant's admission does not disclose the newly claimed limitation of separate acquiring and issuing entities affiliated by an agreement to bypass a clearinghouse. *EMTM* discloses this limitation at pages 35-38, particularly page 37. It would have been obvious to one of ordinary skill in that art at the time of the invention to modify Applicant's admission with the closed loop functionality of *EMTM* because this would have reduced the fees to participants associated with clearinghouse/bankcard associations.

As to Claim 2, Applicant's admission of prior art discloses returning an incentive to a card holder for closed loop (on-us) transactions at Applicant's Background of the Invention, page 2 of Specification, first para., lines 3-5.

With respect to Claims 3 and 5 (identical), Official Notice is taken that sharing of cost savings in proportion to the amount of savings (e.g., fees avoided) is old and well known in the business arts. For example, automobile dealers regularly pass on to customers a part (though seldom all) of manufacturer's price reduction, so as to stimulate purchases. It would have been obvious to one of ordinary skill in that art at the time of the invention to provide incentives proportional to fees avoided by bypassing a clearinghouse to encourage customers to use a lower cost transaction processing system.

Concerning Claim 4, see the discussion of Claims 2 and 3 and note that this would likewise encourage merchants to use a lower cost transaction processing system and improve market presence of the closed loop processing system.

With respect to Claims 8-9, admission of prior art further discloses affiliated merchant groups at page 2 of Specification, second para., lines 1-2 and participation by small businesses at page 2 of Specification, third para., lines 4-5. Applicant's admission does not disclose use of the Internet; Official Notice is taken that it was old and well known at the time of the invention to use the Internet for commercial activity using credit cards. It would have been obvious to one of ordinary skill in that art at the time of the invention to use the Internet so as to provide a broad market for commerce among small businesses.

With respect to Claim 12, *Pitroda* discloses separate statements for differing transaction activity types at Col. 4, line 61 to Co. 5, line 13.

With respect to Claim 14, it is a method form of Claim 1 and is rejected in a like manner.

With respect to Claim 15, it would have been obvious to issue a card before use, because absent issuance, use would be impossible.

As to Claims 16-17, 20-21 and 24, see the discussion of Claim 14 and Claims 2, 4, 8-9 and 12 respectively.

Claims 6-7 and 18-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's admission of prior art in view of US 5,590,038 *Pitroda* and *EMTM 553: E-commerce Systems*, hereinafter, *EMTM* and further in view of in view of US 2002/0174030 *Praisner et al.*

With respect to Claim 6-7, see the discussion of Claim 1. Applicant's admission of prior art does not specifically disclose the use of modified/dynamic MCC strings. *Praisner* discloses this limitation at paras . 9-10, including Table 1, "Slots". It would have been obvious to one of ordinary skill in that art at the time of the invention to modify Applicant's admission of prior art to include the modified MCC strings of *Praisner* because this would provide a readily available information device for encoding the needs of transaction of the plural transaction types.

With respect to Claims 18-19, see the discussion of Claim 14 and Claims 6-7.

Claims 10 and 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's admission of prior art in view of US 5,590,038 *Pitroda* in view of *Dictionary of Business Terms*, hereinafter, *Dictionary*.

With respect to Claim 10, see the discussion of Claim 1. Applicant's admission of prior art does not specifically disclose that the credit card account includes a revolving credit line.

Dictionary discloses the concept of revolving credit at page 597, entry 2 of "Revolving Credit". It would have been obvious to one of ordinary skill in that art at the time of the invention to modify the credit card functionality disclosed by Applicant's admission of prior art to include revolving credit as disclosed by *Dictionary* because this could result in a larger balance forward each month, resulting in greater accrued interest charges for a lender.

With respect to Claim 22, see the discussion of Claim 14 and Claims 10.

Claims 11 and 23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's admission of prior art in view of US 5,590,038 *Pitroda* and EMTM 553: *E-commerce Systems*, hereinafter, *EMTM* and further in view of *American Express webpage*.

With respect to Claim 11, see the discussion of Claim 1. Applicant's admission of prior art does not specifically disclose that the credit card account balance must be periodically paid in full. *American Express webpage* discloses such a payment policy at page 2, underlined text. It would have been obvious to one of ordinary skill in that art at the time of the invention to modify the credit card functionality disclosed by Applicant's admission of prior art to include such a payment-in-full policy because this would allow the lender to offer lower interest rates based on prompt reliable payment by responsible customers.

With respect to Claim 23, see the discussion of Claim 14 and Claims 11.

Claims 13 and 25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's admission of prior art in view of US 5,590,038 *Pitroda* and *EMTM 553: E-commerce Systems*, hereinafter, *EMTM* and further in view of US 6,065,675 *Teicher*.

With respect to Claim 13, see the discussion of Claim 1. Applicant's admission of prior art does not specifically disclose an affiliate agreement among merchant, acquirer and issuer related to debiting and crediting fees. *Teicher* discloses this limitation at Fig. 10 and Col. 16, line 48 to Col. 19, line 14. It would have been obvious to one of ordinary skill in that art at the time of the invention to modify the teachings of Applicant's admission of prior art to include an affiliate agreement among merchant, acquirer and issuer related to debiting and crediting fees as disclosed by *Teicher* because this would provide a formalized, contractual relationship among parties processing transactions.

With respect to Claim 25, see the discussion of Claim 14 and Claims 13.

Response to Arguments

Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Schneider, G. P., Electronic Commerce, Fourth Ed. 2003, pages 496-497 for its teachings that a closed loop credit card processing system avoids use of a clearinghouse.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3624

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
June 13, 2006

Primary Examiner
Charles Kyle
Art Unit 3624

